

**President's Report to the UNC Board of Governors**

February 21, 2020

Greetings everyone.

As usual, it is an honor and a privilege to be here, joining you in the important work the UNC System does on behalf of our great state.

If anyone here needs a vivid reminder of the value of what we do, you don't need to look any further than astronaut Christina Koch. The School of Science and Mathematics and NC State alum just returned to Earth on February 6 after spending a record-breaking 328 days in space.

Her success embodies so much of what we work for every day. Very few of our students will venture into space. But the teaching and research opportunities we provide will help our students chart a course toward their own uniquely remarkable achievements.

This is why we are here.

We have important work to do, making sure that more students have access to affordable higher education and the opportunities a postsecondary degree can bring. We have more work to do to help our students succeed in their academic pursuits. We have more work to do to serve North Carolina.

And despite all the challenges and theatrics we've seen recently, we are getting that work done.

Last week, the UNC System hosted three different conferences. Each one of them brought together representatives from across our institutions to work on improving higher education in North Carolina.

Notably, two of these conferences were collaborative, interagency efforts. The Behavioral Health Convening and the North Carolina Adult Promise Symposium brought together representatives from both the UNC System and North Carolina Community Colleges.

In addition, more than 200 stakeholders from all 17 UNC System institutions participated in this year's Student Success Conference.

All told, over the course of the week, community, philanthropic, political, and national thought leaders in education helped sponsor events and engaged with faculty, staff, and administrators from across North Carolina's higher education landscape.

Also last week, Andrew Kelly, Kim van Noort and I participated in the myFutureNC Inaugural Celebration in Greensboro. It was very clear that this important effort has wide and deep support across our state.

All of the activity last week made it very clear that higher education is a statewide investment—and an imperative commitment to building North Carolina's future.

These conferences represent just a fraction of the work the UNC System does throughout the year. This focused effort is why we have met or exceeded 10 of our 12 Strategic Plan benchmark goals for the year.

The ongoing State budget morass, however, is jeopardizing these efforts. I say this without being political and without placing blame on any party or any state official. My concern for the UNC System is, pure and simple, non-partisan. There is just too much at stake to quibble over *how* our budget gets enacted—I am passionate about seeing that it *does* get enacted, one way or another.

The consequences of not having a budget in place are reaching every corner of the state, and ultimately the impact will be felt most profoundly by the students and the communities we serve.

- Without \$16.5 million in capital funds, WCU is unable to repair the outdated and failing steam plant that provides heat and hot water for the entire campus. The plant is one harsh winter or mechanical failure away from a complete campus shutdown. This worst-case scenario nearly happened in 2016—four years later, and still with no upgrades, the steam plant is living on borrowed time.
- N.C. A&T is unable to renovate Carver Hall, leaving agriculture students stuck in overcrowded, ADA-non-compliant classrooms with no central AC/heat and an outdated fire alarm system.
- N.C. A&T is also unable to meet \$1.6 million in federal matching fund requirements for its Evans Allen grants, jeopardizing the university's potential for acquiring federal funds in the future. Meanwhile, new and open faculty positions to support doctoral research will be delayed, which may threaten the strict faculty-to-student ratios the university needs to maintain accreditation.
- And, UNC Pembroke will not have the capital funds it needs to proceed with its new health sciences and STEM building, severely limiting the university's capacity for future growth and program development in critical workforce fields. This will ultimately impact health and well-being through the region.
- All three of our NC Promise institutions have seen remarkable enrollment growth since the program was enacted. With the current impasse, the institutions will not see the state appropriations that were supposed to supplement each student's tuition. This puts the sustainability of NC Promise enrollment growth at risk. Western Carolina, UNC Pembroke, and Elizabeth City State are all facing the very real likelihood that they will have to limit or reduce enrollment for fall 2020 and 2021.
- And we have just announced, with regret, that we must postpone the opening of the NC School of Science and Math's Morganton Campus for one year, until 2022, because the budget was not enacted, leaving them without the necessary operating funds they need to staff the facility or hire faculty.

This list only mentions a few of the challenges facing us as a result of the budget standoff. Every one of our institutions is feeling the heat, and transformative projects across the UNC System have been put on hold.

That is why I and my colleagues will be doing a road trip across North Carolina in March, visiting many UNC System institutions and joining chancellors and other leaders to highlight publicly the damage that's being done by the lack of a fully enacted budget.

## APPENDIX A

All that said, the UNC System is moving forward when and where we all can.

The second System-wide Employee Engagement Survey is underway. This confidential survey will give us unique and actionable insight on important workplace issues and the progress we have made since the last survey, which was conducted two years ago.

Chancellor searches are underway at UNC Charlotte, UNC School of the Arts, East Carolina, and Fayetteville State.

- The UNC Charlotte chancellor search is continuing with candidate interviews, and Chair Mike Wilson is working on a timeline that would permit a nomination to the full Board in April.
- The UNC School of the Arts search committee is currently receiving applications and will begin interviews in March. Chair Ralph Womble expects to recommend candidates in April.
- The East Carolina chancellor search committee has hosted a series of listening sessions. The feedback that was gathered has been incorporated into a leadership profile that will help determine the criteria for evaluating qualified applicants. The committee's goal is the naming of a new chancellor for the fall term.
- The Fayetteville State search committee was announced and will hold a kickoff meeting on February 25. The committee is scheduling constituent listening sessions, with the hope of bringing forward a nomination in time to have the new chancellor in place for the fall term.

I am optimistic that, with a new era of leadership in place, these institutions will continue their progress toward our 2022 Strategic Plan goals and beyond.

But it is imperative that our budget needs are met soon. With no budget in place, our institutions will be hamstrung and the steady momentum we've worked hard to generate will be lost.

We need a budget in place so we can teach our future astronauts and North Carolina's next generation of K-12 teachers. We need it in place so we can prepare the talented young doctors and nurses who will keep our state healthy, the entrepreneurs and engineers who will keep our economy humming, and the artists who will keep our culture stimulating.

My sincere hope is that North Carolina's policy makers comprehend the monumental opportunity cost we will incur if they don't get the budget done.

Higher education is our investment in the future. Let's not put that investment at risk. Please don't make the university system collateral damage in this political fight.

Finally, I would like to express condolences following the loss of Representative Linda Johnson. We are grateful for her 20 years of service in the Legislature. Through her work as Senior Appropriations Chair, she was a passionate advocate for North Carolina's public education systems. Our thoughts and prayers go out to her family.



**UNC Board of Governors**  
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**Notable News from the UNC System**

### **UNC System Office**

Chancellor searches are underway at UNC Charlotte, UNC School of the Arts, East Carolina, and Fayetteville State.

- The UNC Charlotte chancellor search is continuing with candidate interviews, and Chair Mike Wilson anticipates a nomination to the full Board in April.
- The UNC School of the Arts search committee is currently receiving applications and will begin interviews in March. Chair Ralph Womble expects to recommend candidates in April.
- The East Carolina chancellor search committee has held a series of constituent listening sessions over the past two months. Feedback was incorporated into a leadership profile. Once all qualified applicants are evaluated, the goal is to name a new chancellor for the fall term.
- The Fayetteville State search committee was announced and will hold a kickoff meeting on February 25. The committee is scheduling constituent listening sessions. A nomination should be brought forward in time to have the new chancellor in place for the fall term.

The second System-wide Employee Engagement Survey is underway; the first was administered two years ago. The confidential survey provides an opportunity for all employees to be heard on important workplace issues and for leadership to understand the progress made since the last survey.

### **Appalachian State University**

AT&T has selected Appalachian State as one of five universities nationally to conduct research designed to help communities in the Southeast build resilience to climate change. Joining Appalachian in the Climate Resiliency Community Challenge will be the Georgia Institute of Technology, the University of Georgia, the University of Miami, and the University of South Florida.

The Common Reading Program at Appalachian State announces its 2020–21 book selection: “Rising: Dispatches from the New American Shore” by Elizabeth Rush — a 2019 Pulitzer Prize finalist.

**Safe Campus:** The National Campus Safety Summit has named the Appalachian State University Police Department as one of the top 25 university departments in the country. The ranked universities were cited for “increasing the safety and security of their campus community” and “making a difference in student safety.” The APD was ranked No. 18.

### **East Carolina University**

Doctors at East Carolina’s Brody School of Medicine and Vidant Medical Center were the first in North Carolina to perform a new radiation therapy procedure that is giving hope to patients with recurrent brain tumors. Brain tumors are typically treated with surgical removal often tumors regrow during the weeks the surgical wounds are healing before radiation therapy can commence. GammaTile Therapy is a surgically targeted radiation therapy in which a 3D-collagen tile, embedded with radioactive Cesium-131 rods, is placed in the tumor cavity at the time of surgery. The tile immediately begins delivering targeted radiation treatment to the tumor cells – at a higher dose than traditional external beam radiation.



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East Carolina University students have partnered with campus departments to present the fifth annual S.H.O.E.S. project on February 6. S.H.O.E.S., which stands for Students Honoring Others' Everyday Struggles/Stories, is a program intended to help ECU students who may be dealing with challenging times. College students may experience depression, anxiety, stress, addictions or thoughts of self-harm, but may feel isolated and unable to manage their response.

East Carolina University will be working in conjunction with the University of Pittsburgh on a research study called PACT: Prehospital Airway Control Trial. PACT is an \$8.8 million, four-year, Department of Defense-funded clinical trial aimed at improving survival among people who have difficulty breathing after a trauma.

### **Elizabeth City State University**

Blue Cross and Blue Shield of NC has awarded ECSU a \$250,000 grant to assist with student retention. According to Provost Ward, the grant funds will assist in the creation of the Successful Retention Collaborative Task Force. The Task Force will consist of representatives from Financial Aid, University Studies, Institutional Research and Effectiveness, Student Affairs, and Institutional Advancement.

On February 13, Elizabeth City State University will participate in a statewide program to honor North Carolina's African American veterans. During the event, the NCDMVA will posthumously recognize two veterans and the United States Colored Troops for their impact to the armed forces and state. During the daylong event, a documentary will be recorded to capture the spirit of the veterans being honored.

ECSU's Department of Education has formed a taskforce to determine how to better prepare the next generation of teachers. The taskforce will focus on the needs of school districts and what they are looking for in future teachers. Dr. Cheryl Luton says the most critical issue the taskforce will address is how to better prepare ECSU education students to be effective in the classroom.

### **Fayetteville State University**

Washat Roxanne Ware, a sophomore chemistry major and Partnerships for Research and Education in Materials scholar, received first place in undergraduate poster presentation (nanoscience category) at Emerging Researchers National Conference in Science, Technology, Engineering and mathematics. The conference was hosted by American Association for the Advancement of Science (AAAS) and the National Science Foundation (NSF) in Washington DC. There were 1500 participants with approximately 750 research presentations by undergraduate and graduate students.

Dr. Danielle Nesbitt, an assistant professor in the Department of Health, Physical, and Secondary Education, has been selected as a member of the 2020 class of Research Fellows of the Society of Health and Physical Educators America.

Dr. Nicole Anthony, assistant professor of special education, under the direction of Dr. Pamela Jackson, Provost and Vice Chancellor for Academic Affairs, formed an Autism Advisory Council to address the complex needs of children and families affected by autism in the Cumberland County region. The council is believed to be the only one of its kind in the country at an historically black college and university (HBCU) addressing the needs of children and families impacted by autism.



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### **N.C. A&T State University**

N.C. A&T received \$50,000 from Downtown Greensboro, Inc. that will go toward prototyping and deploying two self-driving shuttles. The funds will be allocated to the newly established North Carolina Transportation Center of Excellence in Connected and Autonomous Vehicle Technology in A&T's College of Engineering.

Shengmin Sang, Ph.D., and his colleagues at Columbia University are planning to study ginger's effect on asthma as the recipients of a four-year, \$1.8 million R01 grant from the National Institutes of Health. Highly competitive, R01 grants fund health-related research.

Students Tyler Huggins, Joseph Smith, and Kiana Williams have been named to the prestigious Dwight David Eisenhower Transportation Fellowship Program. The fellowships – \$6,500 for Huggins, \$8,000 for Smith, and \$10,000 for Williams – were procured under the recommendation of N.C. A&T Transportation Institute Director Maranda McBride, Ph.D., and program manager Teresa McRae.

### **North Carolina Central University**

NCCU will compete in the National Qualifying Tournament of the 31st annual Honda Campus All-Star Challenge, America's premier academic competition for HBCU students. The National Qualification Tournament will be held on February 8, on the campus of Morgan State University. NCCU is one of 65 teams competing for institutional grants and a spot in the HCASC National Championship Tournament taking place on the America Honda campus in Torrance, California, March 28 - April 1, 2020.

Returning to Durham was not only nostalgic but also an honor for famed actress and former NCCU student April Parker Jones. During a special lecture, Parker Jones provided students the essentials to surviving the entertainment industry and divulged her journey to success in Tinseltown.

The Division of Enrollment Management will introduce an interactive campus map in late January to support student retention, engagement, and awareness of university programs. The virtual tour by StudentBridge will allow future Eagles to have an in-depth look into campus life.

### **NC State University**

NC State isn't cutting corners in the drive for innovation. Thanks to a partnership with the N.C. Department of Transportation, the university is testing an autonomous vehicle on Centennial Campus that can ferry 12 passengers.

Research from NC State shows that platelet microparticles are an effective way to deliver therapeutic drugs directly to the heart following a heart attack. This method increases drug concentration at the site and could help heart attack patients reduce side effects from drugs used in recovery.



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NC State engineers have demonstrated a flexible device that harvests the heat energy from the human body to monitor health. The device surpasses all other flexible harvesters that use body heat as the sole energy source.

#### **UNC Asheville**

Assistant Professor of Physics and Astronomy Britt Lundgren has been named a 2020 Cottrell Scholar, an honor that comes with a \$100,000 prize from the Research Corporation for Science Advancement in support of her research on how galaxies evolve over cosmic timescales. Lundgren combines spectra from the ground-based Sloan Digital Sky Survey and imaging from the Hubble Space Telescope to match the properties of the detected gas to other measurable properties of galaxies hosting the gas, and test theoretical simulations that predict how stellar and gaseous properties of galaxies should co-evolve.

#### **UNC-Chapel Hill**

The University of North Carolina at Chapel Hill tied for 14th among research universities with the most students granted Fulbright awards for 2019-2020. UNC-Chapel Hill had 16 student recipients for the year. Universities ranked ahead of Carolina include Georgetown, Brown and Princeton. Carolina is one of 16 research universities that has been on the top-producing list every year for the past 10 years.

The Makeathon was hosted by the Entrepreneurship Center at the Kenan-Flagler Business School in conjunction with nine campus partners. During the two-week-long series of events, workshops, and mentor sessions, 143 students-turned-entrepreneurial-makers set out to transform socially innovative concepts into physical and digital prototypes with real business potential.

Frank Leibfarth, assistant professor of chemistry in UNC's College of Arts & Sciences, has won two prestigious awards for early-career scientists. In only one week, he has been awarded an Alfred P. Sloan Research Fellowship and a Cottrell Scholar Award for 2020.

#### **UNC Charlotte**

The Belk College of Business was recently recognized for its commitment to helping minority students succeed by *Diverse: Issues in Higher Education*, which ranks the Belk College's finance and marketing programs among the top 10 in the nation for African Americans.

UNC Charlotte earned a 2020-21 Military Friendly Schools Bronze Award for its commitment to military service members, veterans, and their dependents. Institutions earning the prestigious Military Friendly Schools designation were evaluated using both public data sources and responses from a proprietary survey completed by the school. More than 1,000 schools participated in the 2020-2021 survey.

Richard Tankersley, UNC Charlotte's vice chancellor for Research and Economic Development, has been named by Gov. Roy Cooper to the North Carolina Board of Science, Technology and Innovation. The appointment extends until 2024. The role of the board, administered through the North Carolina Department of Commerce, is to encourage, promote and support scientific, engineering and industrial research applications in North Carolina.



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### **UNC Greensboro**

John Weil of UNC Greensboro's N.C. Network for Safe Communities and his colleague Dr. Stacy Sechrist have spent the last 10 years partnering with the three U.S. Attorneys' Offices across North Carolina, using data-driven strategies to crack down on gun, drug, gang, and domestic violence. Now, they are focused on a newer trend: gangs entering into human trafficking.

Recent UNC Greensboro graduate Akecicia "Keci" Steward '19 has been recognized for outstanding leadership and service by North Carolina Campus Compact, a statewide network of colleges and universities that are committed to community engagement. Steward is a recipient of the network's Community Impact Student Award, which honors one student leader at each member school.

UNCG's African American and African Diaspora Studies program unites many disciplines from across campus, and that cross-disciplinary work helps students, faculty, and the greater community understand Blackness, within both national and international contexts. This year, the annual conference works toward that end through a robust program of panels, presentations, and performances with the theme "Connections and Collaborations Across Disciplines and Communities."

### **UNC Pembroke**

Underrepresented minorities hold only 10 percent of faculty positions in colleges and universities across the U.S., according to recent reports. But a new program at UNC Pembroke seeks to increase that number. UNCP has been awarded a \$950,000 grant from the Andrew W. Mellon Foundation to establish the REACH (Research Engagement Action Community Humanities) program supporting students from underrepresented backgrounds as they work toward a career in academia.

Professor Jose D'Arruda has been named an American Association of Physics Teachers for making exceptional contributions to enhancing the understanding and appreciation of physics through teaching. D'Arruda has been a member of AAPT since 1975. Among the longest-serving professors at UNCP, he has taught in the Chemistry and Physics Department for 45 years.

A group of staff and student volunteers with UNCP's Community and Civic Engagement recently participated in a Community Emergency Response Team (CERT) training in collaboration with Robeson County administration. The NC CERT program educates volunteers about disaster preparedness and trains them in basic disaster response. Volunteers learned skills related to fire safety, search and rescue, team organization, volunteer mobilization, and disaster medical operations.

### **UNC Wilmington**

Chancellor Jose V. Sartarelli has been recognized as one of North Carolina's most influential leaders by Business North Carolina. The publication's 2020 Power 100 list features CEOs, entrepreneurs, thought leaders and institutional leaders from across the state.

The North Carolina Biotechnology Center announced a new biotech venture challenge in partnership with UNCW. The NC Bioneer Venture Challenge is a life-sciences-related, innovation-focused venture challenge for southeastern North Carolina. The UNCW Center for Innovation and Entrepreneurship will act as lead partner among other supporting partners.





UNCW's Bachelor of Science in marine biology is ranked 1st on a list of Top 20 Values in undergraduate marine science degree programs for 2020, as selected by College Values Online.

### **UNC School of the Arts**

The costume design program at UNCSA is among the top 10 of its kind in the world, according to The Hollywood Reporter's list published in January. The program in the School of Design & Production has been in the top 10 since the list began in 2018.

UNCSA Winter Dance will span classical and contemporary ballet to cutting-edge contemporary dance. Students will perform "The Sleeping Beauty, Act III" and Robert Battle's contemporary classic "Battlefield," along with new works by choreographers Stephanie Martinez and Anouk Van Dijk.

"Pain & Triumph," a live art museum by students at UNCSA, will explore how fear motivates people and communities. The free, multidisciplinary event sponsored by the student organization Artists of Color and the School of Design and Production, takes place, February 8.

### **Western Carolina University**

Ron Rash, the John Parris Distinguished Professor of Appalachian Cultural Studies in the Department of English, will soon add to his lengthy list of awards. Rash, a poet, short story writer and novelist, will be awarded the 2020 Sidney Lanier Prize for Southern Literature by Mercer University's Spencer B. King Jr. Center for Southern Studies. The prize will be presented April 18.

WCU's Secondary English Education Program has met requirements for "National Recognition" status by the National Council for Teachers of English and the Council for the Accreditation of Educator Preparation — the only such program to do so in North Carolina. WCU's degree program in secondary education (high school level) prepares graduates for careers as teachers, with a bachelor of science degree in education leading to a North Carolina teaching license in English.

First-year students entering Western Carolina University this fall will get a jumpstart on the 2020-21 campus learning theme – water – with the selection of next year's One Book, "The Big Thirst," by Charles Fishman. This year's One Book, which is distributed to all first-year students during New Student Orientation, was selected by a university-wide committee to be complimentary with the campus theme.

### **Winston-Salem State University**

WSSU's elementary education program has been recognized as one of the best in the nation—earning an "A" grade from the National Council on Teacher Quality (NCTQ). The score specifically evaluates the scientifically based methods for teaching reading taught to elementary teacher candidates. A team of literacy experts examine every course in early reading and assesses readings, assignments, practice opportunities, and tests. The experts look for clear evidence of dedicated course time, as well as measures where aspiring teachers must demonstrate their knowledge of the five key components of the science of reading: phonemic awareness, phonics, fluency, vocabulary, and comprehension.



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WSSU won four awards from the Council for the Advancement and Support of Education (CASE) in this year's regional competition recognizing the best communications and engagement from educational institutions. The recognition includes Gold awards for Best Practices in Communications and Marketing and Online Innovation; a Silver award for Best Fundraising Video; and a Bronze award for Media Relations Program.

Winston-Salem State University Chancellor Elwood L. Robinson has been named one of the ten most dominant leaders of 2020 by HBCU Campaign Fund (HCF).

**North Carolina School of Science and Mathematics**

Seven NCSSM seniors in the school's residential program and one NCSSM Online senior from Enloe High School are among 300 students nationwide and beyond who have been named by the Society for Science & the Public as Regeneron Science Talent Search Scholars. Payton Downey, Madison Houck, Ariba Huda, Jason Li, Ishaan Maitra, Sahil Pontula (Enloe High School), Andy Wang, and Cindy Zhu were recognized for research conducted while students at NCSSM, garnering prizes of \$2,000 each. NCSSM has also been awarded \$2,000 per scholar to inspire more young people to engage in science.

## Capital Improvement Projects – NC State, UNC Charlotte, and NCSSM

### ISSUE OVERVIEW

UNC System institutions are required to request authority from the Board of Governors to proceed with non-appropriated projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

There are three UNC System institutions that have requested a total of five capital improvement projects: four for advance planning and one project for increased authorization.

### I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
1.	Physical Master Plan	\$2,000,000	\$ –	\$2,000,000	Carry-forward
<i>NC State Subtotal</i>		<i>\$2,000,000</i>	<i>\$ –</i>	<i>\$2,000,000</i>	
<b>University of North Carolina at Charlotte</b>					
2.	Remembrance Memorial	\$2,000,000	\$ –	\$200,000	Donations & Gifts
<i>UNCC Subtotal</i>		<i>\$2,000,000</i>	<i>\$ –</i>	<i>\$200,000</i>	
<b>North Carolina School of Science and Mathematics</b>					
3.	Residence Hall Renovations	\$8,318,690	\$ –	\$800,000	Donations & Gifts
4.	Academic Commons Renovations	\$12,600,000	\$ –	\$1,200,000	Donations & Gifts
<i>NCSSM Subtotal</i>		<i>\$20,918,690</i>	<i>\$ –</i>	<i>\$2,000,000</i>	

### II. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
<b>North Carolina State University</b>					
5.	Cates Avenue Water, Steam, and Condensate Replacement	\$966,523	\$366,523	\$600,000	F&A
<i>NC State Subtotal</i>		<i>\$966,523</i>	<i>\$366,523</i>	<i>\$600,000</i>	
<b>Grand Total</b>		<b>\$25,885,213</b>	<b>\$366,523</b>	<b>\$4,800,000</b>	

### RECOMMENDATION

All projects and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that these projects be authorized and reported to the NC Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

## **Sale of Special Obligation Bonds – Appalachian State University**

### **ISSUE OVERVIEW**

The Board of Governors is authorized to issue special obligation bonds for capital improvement projects that have been approved by the General Assembly. Although a specific source of funding is used by a campus when retiring these bonds, special obligation bonds are generally payable from all campus revenues excluding tuition, State appropriations, and restricted reserves.

Appalachian State University requests that the Board issue a special obligation bond in a principal amount not to exceed \$2,350,000 (the “Bond”) for the purpose of refinancing up to \$2,160,000 of outstanding special obligation bonds issued on behalf of Appalachian in 2010 (the “2010B-1 Bonds”). Appalachian estimates that it can achieve approximately \$120,000 in net present value savings by refunding the 2010B-1 Bonds, representing roughly 5.7% of the par amount refunded. Appalachian is pursuing this refinancing simultaneously with its turf field financing to streamline costs and improve savings.

The Bond will be privately placed with DNT Asset Trust, an affiliate of JPMorgan Chase & Co., which was selected through a competitive RFP process.

Appalachian currently has an issuer credit rating of “Aa3” with a negative outlook by Moody’s Investor Service. This transaction is expected to have no impact on Appalachian’s credit rating. McGuireWoods LLP is bond counsel, and First Tryon is the financial advisor to Appalachian.

It is recommended that the president of the University, or his designee, be authorized to sell the special obligation bond through the attached resolution.

**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF SPECIAL OBLIGATION BONDS TO REFINANCE SPECIAL OBLIGATION BOND PROJECTS FOR APPALACHIAN STATE UNIVERSITY**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, as amended, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System, including Appalachian State University (“Appalachian”); and

WHEREAS, the Board is authorized by Article 3 of Chapter 116D of the General Statutes of North Carolina, as amended (the “Act”) to issue, subject to the approval of the Director of the Budget, at one time or from time to time, special obligation bonds of the Board for the purpose of paying all or any part of the cost of acquiring, constructing, or providing a special obligation project and refunding bonds for the purpose of refunding any bonds issued by the Board under the Act or under any Article of Chapter 116 of the General Statutes, including the payment of any redemption premium on the bonds refunded and any interest accrued or to accrue to the date of redemption of the bonds refunded; and

WHEREAS, the Board has determined that it may achieve debt service savings by refunding all or a portion of its the University of North Carolina System Pool Revenue Bonds (Appalachian State/UNC Charlotte Pool Revenue Bonds), Series 2010B-1 (the “Refunded Bonds”); and

WHEREAS, in order to refund the Refunded Bonds, the Board has determined to issue the Appalachian State University General Revenue Refunding Bond, Series 2020, in an aggregate principal amount not to exceed \$2,350,000 (the “2020 Bond”), to (a) refund all or a portion of the Refunded Bonds and (b) pay the costs of issuing the 2020 Bond; and

WHEREAS, if the Board can achieve debt service savings, the Board has determined to issue the 2020 Bond to refund all or a portion of the Refunded Bonds and pay related costs of issuance under the General Trust Indenture, dated as of November 1, 2003 (the “General Indenture”), between the Board and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), and Series Indenture, Number 17, to be dated as of February 1, 2020 (the “Seventeenth Series Indenture” and, together with the General Indenture, the “Indentures”), between the Board and the Trustee; and

WHEREAS, through a request for proposals process, DNT Asset Trust (the “Purchaser”) has been selected to purchase the 2020 Bond, and is expected to purchase the 2020 Bond pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser]; and

WHEREAS, the projects to be refinanced with the proceeds of the 2020 Bond are collectively referred to herein as the “Special Obligation Bond Projects”; and

WHEREAS, the 2020 Bond and other obligations issued under the General Indenture are payable solely from “Available Funds” as defined in the General Indenture; and

WHEREAS, there have been made available to the Board forms of the following documents (hereinafter collectively referred to as the “Board Documents”), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Seventeenth Series Indenture;

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2. the form of the 2020 Bond, as set forth in the Seventeenth Series Indenture;
3. an Escrow Agreement dated as of February 1, 2020, between the Board and The Bank of New York Mellon Trust Company, N.A., as escrow agent related to the refunding of the Refunded Bonds; and
4. [the Purchase Agreement; and]

WHEREAS, the issuance of the 2020 Bond does not directly or indirectly or contingently obligate the State of North Carolina or any agency or political subdivision of the State to levy or to pledge any taxes to pay the cost, in whole or in part, of refinancing the Special Obligation Bond Projects in compliance with Section 116D-23 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina as follows:

Section 1. Sufficiency of Available Funds. The Board hereby finds that sufficient Available Funds are available to pay the principal of and interest on the 2020 Bond.

Section 2. Authorization of Bonds. The Board hereby authorizes and approves the issuance of the 2020 Bond in the maximum amount of \$2,350,000, subject to the terms and conditions of this Resolution.

Section 3. Authorization of Board Documents. The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary and the Assistant Secretary of the Board and the Secretary of the UNC System (collectively, the "Authorized Officers") are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as any Authorized Officer may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2020 Bond (including, but not limited to, the setting of interest rates, whether fixed rates to one or more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the General Indenture and the Board Documents as executed.

Section 4. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary for the issuance and sale of the 2020 Bond and the refunding of the Refunded Bonds. The 2020 Bond may be sold to the Purchaser in a private placement, and the foregoing officers are hereby authorized, empowered and directed to execute and deliver such documents, instruments and certificates as may be required to effect the sale of the 2020 Bond to the Purchaser. The Authorized Officers are further authorized to take any and all further

## APPENDIX C

actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2020 Bond.

Section 5. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 6. Effective Date. This Resolution is effective immediately on the date of its adoption.

## **Sale of Millennial Campus Revenue Bond – Appalachian State University**

### **ISSUE OVERVIEW**

The Board of Governors, pursuant to the Millennial Campuses Financing Act, Article 21B of Chapter 116 of the General Statutes (the “Act”), by resolution adopted on September 9, 2016, designated an 87.96-acre area of Appalachian State University (“Appalachian”) that includes Kidd Brewer Stadium (the “Stadium”) and a number of west campus residence halls as a Millennial Campus (the “Millennial Campus”). The Board of Governors is authorized to issue Millennial Campus revenue bonds payable from any leases, rentals, charges, fees, and other revenues of a “project” (as defined in the Act) located on a Millennial Campus.

The Board of Governors is authorized to issue Millennial Campus revenue bonds and bond anticipation notes for projects under the Act.

Appalachian requests that the Board issue a Millennial Campus revenue bond (the “2020 Bond”) in an amount not to exceed \$2,650,000 for the purpose of acquiring and installing a field turf system for the Stadium (the “2020 Project”) and paying costs incurred in connection with the issuance of the 2020 Bond. The 2020 Project constitutes a “project” under the Act.

Charges and other revenues associated with the use of the 2020 Project will be used by Appalachian to retire the 2020 Bond. The 2020 Bond will be placed with DNT Asset Trust, an affiliate of JPMorgan Chase & Co., which was selected through a competitive RFP process.

Appalachian currently has an issuer credit rating of “Aa3” with a negative outlook from Moody’s Investor Service, and Appalachian’s outstanding Millennial Campus revenue bonds are rated “A1” with a negative outlook from Moody’s Investor Service. This transaction is not expected to have any impact on Appalachian’s credit ratings. McGuireWoods LLP is bond counsel, and First Tryon Advisors is the financial advisor.

It is recommended that the president of the University, or his designee, be authorized to sell the 2020 Bond through the attached resolution.



**RESOLUTION OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF  
NORTH CAROLINA SYSTEM AUTHORIZING THE ISSUANCE OF A  
MILLENNIAL CAMPUS REVENUE BOND FOR APPALACHIAN STATE  
UNIVERSITY TO FUND THE ACQUISITION AND INSTALLATION OF A  
FIELD TURF SYSTEM AT KIDD BREWER STADIUM**

WHEREAS, by Chapter 116 of the General Statutes of North Carolina, the Board of Governors (the “Board”) of the University of North Carolina System (the “UNC System”) is vested with general control and supervision of the constituent institutions of the UNC System; and

WHEREAS, the Board, pursuant to the Millennial Campuses Financing Act, Article 21B of Chapter 116 of the General Statutes (the “Act”), by resolution adopted on September 9, 2016, designated an 87.96-acre area of Appalachian State University (“Appalachian”) that includes Kidd Brewer Stadium (the “Stadium”) and a number of west campus residence halls as a Millennial Campus (the “Millennial Campus”); and

WHEREAS, the Board is authorized by the Act to issue revenue bonds of the Board, payable from any leases, rentals, charges, fees, and other revenues of a “project” (as defined in the Act) on a Millennial Campus; and

WHEREAS, pursuant to a Master Trust Indenture, dated as of December 1, 2018 (the “Master Indenture”), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and Series Indenture, Number 1, dated as of December 1, 2018 (the “First Series Indenture”), between the Board and the Trustee, the Board previously issued its \$39,865,000 Appalachian State University Millennial Campus Revenue Bonds, Series 2018 (End Zone Project) (the “2018 Bonds”) to (a) finance the acquisition, construction and equipping of a mixed-use project located at the north end zone of the Stadium to replace the former Owens Field House, including campus dining and catering facilities, stadium club seats, an orthopedic health and training facility and related steam system improvements (collectively, the “2018 Project”), and (b) pay the costs of issuing the 2018 Bonds; and

WHEREAS, the Board has now determined to issue not-to-exceed \$2,650,000 aggregate principal amount of Appalachian State University Millennial Campus Revenue Bond, Series 2020 (the “2020 Bond”), to (a) pay all or a portion of the costs of the acquisition and installation of a field turf system at the Stadium (collectively, the “2020 Project” and, together with the 2018 Project, the “Project”), and (b) pay the costs of issuing the 2020 Bond;

WHEREAS, the Board has determined that the 2020 Project constitutes a “Special Facility” under the Board’s General Trust Indenture dated as of May 1, 2003, between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended and supplemented, pursuant to which the Board issues its Appalachian State University General Revenue Bonds (the “General Revenue Bond Indenture”) and

WHEREAS, the Board has determined to issue the 2020 Bond on a parity basis with the 2018 Bonds under the Master Indenture and a Series Indenture, Number 2, dated as of February 1, 2020 (the “Second Series Indenture” and, together with the Master Indenture and the First Series Indenture, the “Indenture”); and

## APPENDIX D

WHEREAS, the 2018 Bonds and the 2020 Bond shall be payable solely from leases, rentals, charges, fees, and other revenues of the Project (the “Revenues”), as further specified in the Indenture, and in the Indenture the Board agrees to fix, revise, charge and collect fees, rents, and charges for the lease, use, occupancy, or operation of the Project to provide funds (i) to pay the cost of maintaining, repairing, and operating the Project, (ii) to pay the principal of and the interest on the 2020 Bond as the same shall become due and payable, and (iii) to create and maintain reserves for such purposes; and

WHEREAS, DNT Asset Trust has been selected to purchase the 2020 Bond (the “Purchaser”), and is expected to purchase the 2020 Bond pursuant to the terms of a bond purchase agreement (the “Purchase Agreement”) between the Board and the Purchaser; and

WHEREAS, there have been made available to the Board forms of the following documents (hereinafter collectively referred to as the “Board Documents”), which the Board proposes to approve, execute and deliver, as applicable, to effectuate the financing:

1. the Master Indenture;
2. the Second Series Indenture;
3. the form of the 2020 Bond, as set forth in the Second Series Indenture; and
4. the Purchase Agreement.

WHEREAS, the 2020 Bond shall not be deemed to constitute a debt or liability of the State of North Carolina or any political subdivision thereof or a pledge of the faith and credit of the State of North Carolina or of any such political subdivision, but shall be payable solely from the funds herein provided therefor from the Revenues in compliance with Section 116-198.32 of the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina System as follows:

Section 1. Authorization of Bond. The Board hereby authorizes and approves the issuance of the 2020 Bond in an aggregate principal amount not to exceed \$2,650,000, subject to the terms and conditions of this Resolution. The 2020 Bond may be issued in one or more series of bonds, including any combination of tax-exempt bonds and taxable bonds, as the Senior Vice President for Finance and Administration and CFO of the UNC System, or his designee, in consultation with the appropriate officers at Appalachian, determine to be in the best interest of the UNC System and Appalachian.

Section 2. Designation of Special Facility. The Board hereby designates the 2020 Project (and any additional Millennial Campus Project designated in the future pursuant to the Master Indenture) as a “Special Facility” under the General Revenue Bond Indenture.

Section 3. Authorization of Board Documents. The form and content of the Board Documents are hereby in all respects authorized, approved and confirmed, and the Chairman of the Board, the President of the UNC System, the Senior Vice President for Finance and Administration and CFO of the UNC System, the Secretary and the Assistant Secretary of the Board and the Senior Associate Vice President and Secretary of the UNC System (collectively, the “Authorized Officers”) are hereby authorized, empowered and directed, individually and collectively, to execute and deliver the Board Documents for and on behalf of the Board, including necessary counterparts, in substantially the form and content presented to the Board, but with such changes, modifications, additions or deletions therein as any Authorized Officer may deem necessary, desirable or appropriate, including such changes as may be necessary to reflect the terms of the 2020 Bond (including, but not limited to, the setting of interest rates, whether fixed rate to one or

more terms or to maturity, or variable rates, and the amortization of principal). The execution of the Board Documents shall constitute conclusive evidence of the Board's approval of any and all such changes, modifications, additions or deletions therein. From and after the execution and delivery of the Board Documents, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Master Indenture and the Board Documents as executed.

Section 4. General Authority. From and after the execution and delivery of the documents hereinabove authorized, the Authorized Officers are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of such documents as executed, and are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary for the issuance and sale of the 2020 Bond. The Authorized Officers are further authorized to take any and all further actions to execute and deliver any and all other documents as may be necessary to the issuance and on-going administration of the 2020 Bond. Any provision in this Resolution that authorizes more than one officer to take certain actions will be read to permit such officers to take the authorized actions either individually or collectively.

Section 5. Conflicting Provisions. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 6. Effective Date. This Resolution is effective immediately on the date of its adoption.



MEETING OF THE BOARD OF GOVERNORS  
Board of Governors  
February 21, 2020

## Closed Session Motion

### Motion to go into closed session to:

- Prevent the disclosure of information that is privileged or confidential under Article 7 of Chapter 126 of the North Carolina General Statutes, or not considered a public record within the meaning of Chapter 132 of the General Statutes.
- Consult with our attorney to protect attorney-client privilege, and
  - Consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action for the following case:  
  
*NC Division Sons of Confederate Veterans, Inc. v. The University of North Carolina and the University of North Carolina Board of Governors*
- Consider the qualifications, competence, performance, or condition of appointment of a public officer or employee or prospective public officer or employee.

**Pursuant to:** G.S. 143-318.11(a)(1), (3), and (6).